

## Choice Plan 401(k)'s low fees may mean more money for you

### PERSI Choice Plan 401(k) Investment Fees are VERY Low

Because of our size and number of members, we are able to negotiate very low investment fees for you. And, if your Choice Plan funds are in the PERSI Total Return Fund, the management fees are absorbed in the total PERSI system, so you have no asset management fees.

#### PERSI Choice Plan Investment

#### Asset Management Fee (% of Assets)

**PERSI Total Return Fund 0.00 %**

Mellon S&P 500 0.08 %

Mellon Wilshire 5000 Index 0.10 %

Mellon Bond Index Fund 0.11 %

Mellon International Fund 0.15 %

SEI Stable Value 0.30 %

Vanguard Growth & Income 0.37 %

Dodge & Cox Fixed Income\* 0.38 %

Dreyfus Premier Mid Cap\* 0.65 %

Brandes International\* 0.95 %

ING Small Company Fund 1.23 %

\*These three funds have a rebate arrangement where you will be charged a higher fee on a daily basis, and will have a rebate credited to your account after the end of each calendar quarter, so over time your actual net fees will be at the rate stated here.

People often ask us why they might want to contribute to the PERSI Choice Plan 401(k) instead of (or in addition to) another employer plan such as a 403(b). Well, actually, we can think of a couple of obvious reasons:

**You may take loans from your Choice Plan** -- for any reason whatsoever.

While you are actively working, **you have no recordkeeping fees.** That's right, we pay your \$30 fee for you every year because it is part of your total retirement plan.

But a less obvious, although perhaps more important reason is **our very low investment fees.**

What is an investment fee? Investment funds charge their investors fees and expenses. There are several types of asset based fees that may be charged: account fees, sales fees, actuarial risk charges, and front or back "loads." (fees for buying or selling funds).

A fund with high costs must perform better than a low-cost fund to generate the same returns for you. Even small

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differences in fees can translate into large differences in returns over time.

For example, if you had \$10,000 in a fund with a 10% annual return before expenses and annual operating expenses of 1.5%, after 20 years you would have roughly \$49,725. But if that same fund had expenses of only 0.5%, after 20 years you would have some \$60,858 – an 18% difference!

If you're thinking that the \$49,725 sounds okay to you, you might want to consider what that \$11,133 difference means to you. It might mean having to work another year or two before you can afford retirement. So, you may want to watch those fees and have your money work for you instead of vice versa.

In the PERSI Choice Plan, you pay only one fee, the asset management fee for each particular fund. There are no other fees whatsoever. The common practice in the industry is for the asset management fee to be deducted from the return on a daily value basis. In other words, if the value of the fund is \$1,000 on October 1 and the fee is .10% (or 10 "basis points"), the fee for that day will be  $\$1,000 \times .10\% / 365$ . This will be deducted from the performance numbers before the percentage is officially reported.

Example: If your fund earned an 8.6% return for the year, and the fee is .10%, your return will be reported as 8.5% for the year (because the .10% fee was deducted).

The chart on the front page shows the fees for the investment options in the PERSI Choice Plan. Note that the PERSI Total Return Fund (TRF) does not have an asset management fee. If you have all your Choice Plan funds in the PERSI Total Return Fund, you pay absolutely NO fees. This is because when the Idaho legislature mandated Gain Sharing and the Choice Plan, we needed a default to hold these funds. The TRF was established as the default, and because PERSI must maintain the TRF, it has no fees.

A study posted on the Securities and Exchange Commission (SEC) Web site states that in 1999, the weighted average fund fee was 0.94%. The PERSI Choice Plan options are below this with a weighted average 0.10% charged to participants.

The SEC Web site has a very handy fee calculator at [www.sec.gov/investor/tools/mfcc/mfcc-int.htm](http://www.sec.gov/investor/tools/mfcc/mfcc-int.htm) that can show you the actual impact of fees on your particular investments.

## Telephone Financial Counselors available to PERSI members, free!

PERSI has financial counselors available to you at no charge. These counselors, available via toll-free phone, can provide you with information on investment terminology, concepts and strategies. They can help you to get started saving, answer questions about the Choice Plan funds, and more.

These counselors are provided through PERSI's partner for financial education, Educational Technologies Inc (ETI).



To talk to a  
financial counselor,  
call 1-800-453-0321

Monday - Friday 9 am - 7 pm eastern time